PIPER

The statistical data are extracted from Pensions & Investments' Performance Evaluation Report, a quarterly performance evaluation published by Pensions & Investment Age. *PIPER details comparative performance data on equity and fixed-income funds at more than 200 banks and insurance companies. PIPER is compiled by Rogers, Casey & Barksdale Inc., Stamford, Conn.*

Equity funds find consistency pays

By Fred Williams

Commingled equity funds that stuck to their guns and followed a consistent investment policy during the first quarter of 1985 and for the 12 months ended March 31 were top performers in the most recent PIPER results.

MBank Fort Worth finished the quarter in the top spot, with a compound annual return of 16.2%. MBank also finished in the top decile for the one-, three-, five- and 10-year periods, Pensions & Investments' Performance Evaluation Report shows.

Frank P. Ganucheau III, vice president of MSecurities and senior vice president of MTrust Fort Worth, said the consistent high performance of the $5 million equity value fund is due to "patience and independent thinking" and sticking to a consistent philosophy.

Mr. Ganucheau, who manages the fund, said the investment approach is based on his refinement of a system of selecting low price-earnings stocks out of favor on Wall Street.

"The reason for the type of performance we have had is based on a confluence of events," he said.

"The seeds were actually laid a year to a year-and-a-half ago. A lot of the stocks we used were out of favor and have since come into favor during the first quarter with Wall Street."

He said some of the top performing stocks, many purchased up to two years ago, have been in consumer non-durables such as **Brown Forman Corp.**, **Gulf & Western**, **R.J. Reynolds** and **Nabisco**.

He said several oil company stocks were purchased for value, rather than for the takeover prospects. He mentioned **Gulf Oil Corp.** and **Mobil Corp.**

A "real winner" he said was paper manufacturer **P.H. Glatfelter** of Spring Grove, Pa.

He said most of the top performing stocks in the first quarter were sold early in the second quarter and the portfolio is now about 45% in cash while looking for new prospects.

Citizens Bank of Chillicothe, Mo., and Pioneer Bank, Chicago, tied for second place in the quarter, each with a 15.5% return. Associated First Neenah Bank, Neenah, Wis., and New York Life Insurance Co. Equity Fund No. 1 tied for third place with 14.3%.

The median fund in the PIPER universe had a time-weighted total compound annual return of 8.6% for the quarter; the Standard & Poor's 500 stock index returned 9.2%.

Citizens of Chillicothe reappeared at the top of the short-term PIPER results after several years' absence. The bank's commingled equity fund, which totals $9.7 million, also is in the top decile for 10 years, with a return of 19.6%.

In 1981, Pensions & Investment Age reported Citizens of Chillicothe's fund had been in the top 10% of the PIPER universe in each of the preceeding six years.

Ed Douglas, Citizens of Chillicothe president, said the fund still relies on the approach first implemented by Edgerton Welch, chairman, which is based on Value Line rankings cross-referenced against Merrill Lynch and E.F. Hutton stock recommendations.

Companies receiving a high rating from Value Line and Merrill Lynch are screened for purchase and checked against E.F. Hutton rankings, said Mr. Douglas. The system has been refined somewhat since its inception several years ago to include Merrill Lynch emerging growth stocks, he said.

Issues that did "particularly well" for Citizens Chillicothe were **Herman Miller Inc.**, **Prime Motor Inns**, **Family Dollar Stores Inc.** and **Kelly Services Inc.**

Mr. Douglas said the Value Line approach "makes us never fall in love with a stock and never lose our shirts on one. It forces us to get out in time. We pull the trigger

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Top bond funds by size 14
Top quartile equity funds 16
Top equity funds by size 16
Real estate funds 22

Bond managers agree on outlook

By Rose Darby

NEW YORK — Divergent fixed-income strategies rewarded bank and insurance company commingled fund managers with leading positions in the Pensions & Investments' Performance Evaluation Report for the first quarter of 1985.

Despite the differences in approach, managers of top performing funds said they perceive the remainder of 1985 as an opportunity to lock in good returns through the purchase of long-term securities.

For the quarter ended March 31, Security Pacific National Bank, Los Angeles, had the top performing commingled fixed-income fund, with a time-weighted compound annual total return of 9.2%.

The median fund during the quarter had a 2.2% time-weighted annualized total return. Funds in the top quartile returned 2.5% or more, according to PIPER results.

The Shearson Lehman Brothers Government/Corporate Index had a 2.1% compound annualized return for the quarter.

Security Pacific's $20 million Fund V, the first-quarter champion, is managed by its wholly owned subsidiary, Pacific Century Group of San Diego, said James Caywood, managing director of fixed income and the fund's portfolio manager.

Fund V is made up of high-yield bonds of BB+ or BB quality, he said.

"We are constantly looking at the fund as if it were cash rather than securities," he said.

"Our research is anticipatory research," he said. "We look at anticipated cash flows for companies as well as current cash flows. We try to figure out what this company will look like in the coming year."

Part of this anticipatory approach involves the occasional use of hedging strategies, such as shorting Treasury bond futures or buying puts on the Treasury bond futures market, he said.

The remainder of 1985 will be at least OK — and possibly spectacular — for fixed-income investment, he said.

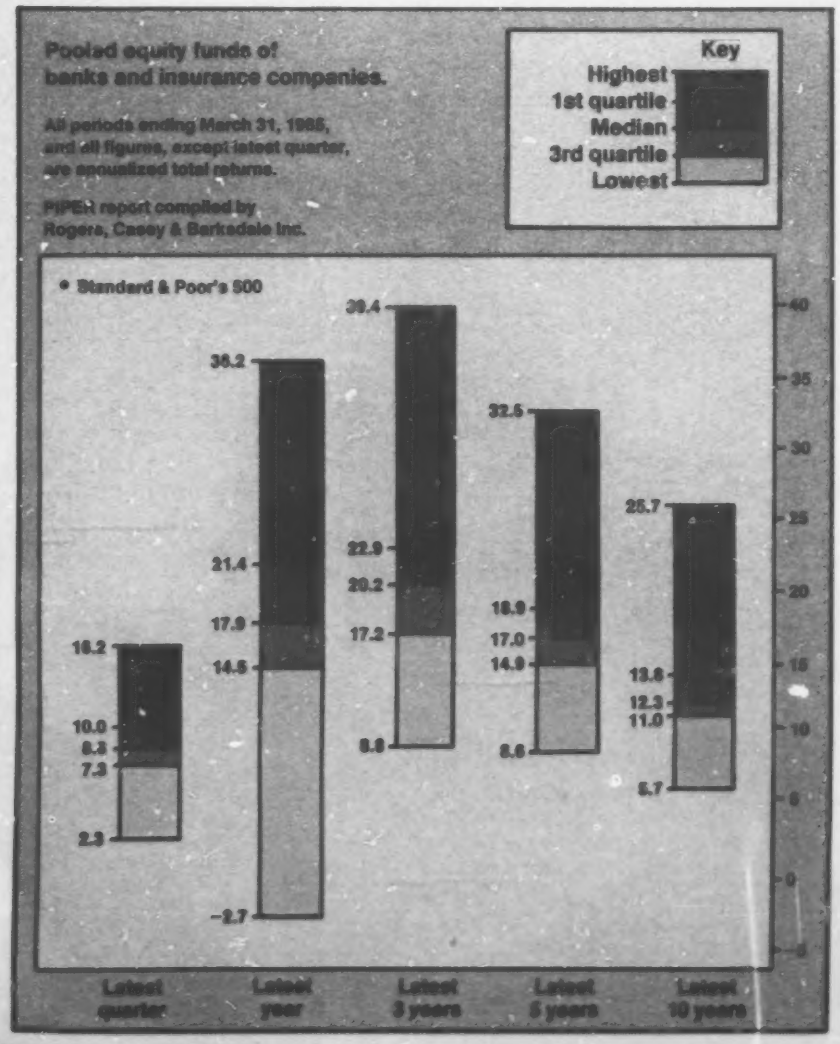
Should Congress address the deficit and tax reform, that action, along with inflation of about 4.5%, could spell a spectacular year for fixed income, he explained.

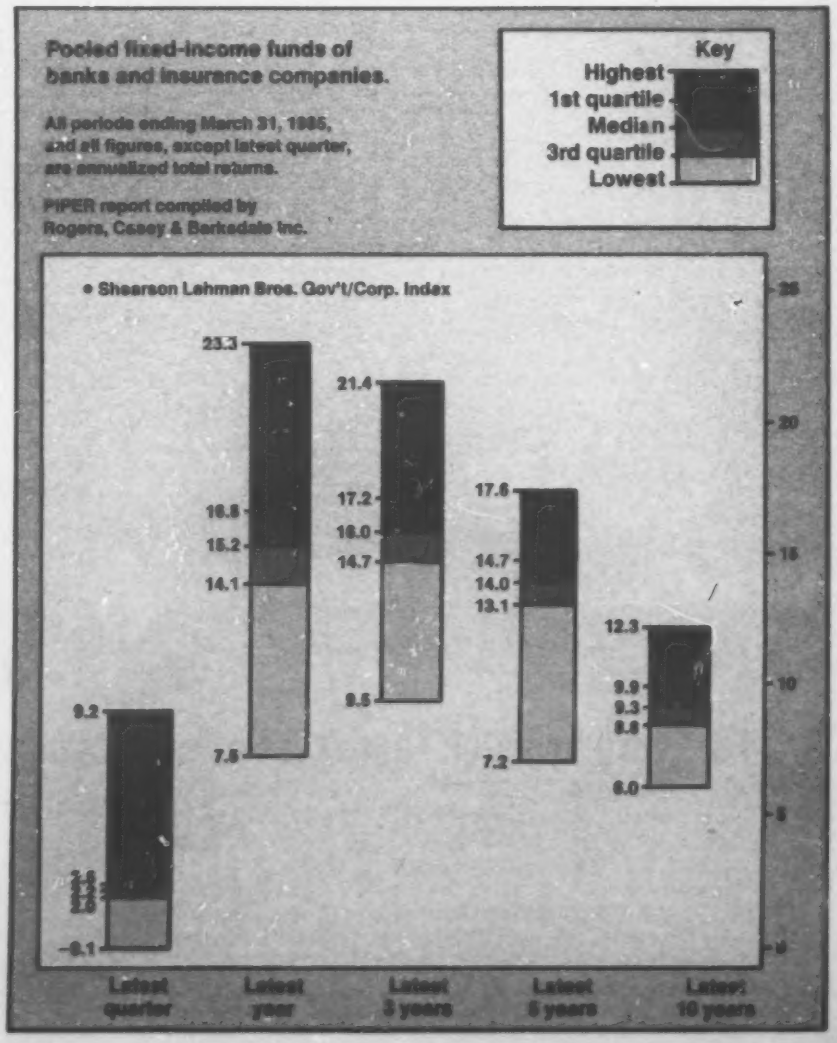
"But, the probability of that is pretty low," he added.

It is more likely Congress will reduce the deficit only slightly, and that inflation will stay somewhere between 4.5% and 5%, he explained: "We're more likely to have Treasury bond rates fluctuating between 10¾% and 12%."

"So, with that in mind, the beauty of the high-yield bond approach that we use is that we start

Continued on page 19





Top quartile commingled fixed-income funds

3-month returns

	%
Security Pacific (V), Calif.	9.2
General American (No. 9), Mo.	5.2
First Interstate of Nevada	5.0
Union Natl., Wichita	5.0
First Variable Life, Ark.	4.6
California First Bank	4.4
Northern Central, Pa.	4.2
Central Fid. (F), Lynchburg, Va.	4.1
Security Natl. Bank, W. Va.	3.9
Lloyds Bank (Fund C), Calif.	3.8
Colonial Am. Natl., Va.	3.6
Pacific Mutual, Calif.	3.5
First Interstate of Ariz.	3.3
Merchants Natl., Ala.	3.2
First of Toledo	3.2
Landmark First Natl., Fla.	3.1
HT investors, R.I.	3.1
Summit Bank, Ind.	3.1
Marquette Bank, Minn.	3.0
NCNB National Bank, N.C.	3.0
Allied Bank, Texas	3.0
First of Elgin (D1), Ill.	3.0
Commonwealth Natl. (D), Pa.	3.0
Manufacturers Detroit, Mich.	3.0
Norwest Bank, Minn.	3.0
BancTexas, Dallas	3.0
New England Mutual, Mass.	3.0
Chemical Bank (FI1), N.Y.	2.9
First of America, Mich.	2.9
First Fidelity, N.J.	2.9
Gary Wheaton Bank, Ill.	2.9
Security Pacific (F), Calif.	2.9
Connecticut National Bank	2.8
United Carolina Bank, N.C.	2.8
Mellon Bank, Pa.	2.8
First Natl., Jackson, Miss.	2.8
American Natl. Bank, Tenn.	2.8
Citizens Trust Co., Wis.	2.8
Texas American Bank	2.8
Society National, Ohio	2.8
Trust Svcs of Amer., Calif.	2.8
Central Fid., Richmond, Va.	2.8
AmeriTrust, Ohio	2.7
US Trust, N.Y.	2.7
Wachovia Bank, N.C.	2.7
First Interstate of Denver	2.7
Security Norstar Bank, N.Y.	2.7
Equitable Bank, Md.	2.7
Bank of Oklahoma, Tulsa	2.7
MTrust, Texas	2.7
First Citizens, N.C.	2.6
Central Penn, Pa.	2.6
Life of Virginia	2.6
Greeley Natl., Colo.	2.6
Citibank, N.Y.	2.6
Oregon Bank	2.6
Seafirst Bank, Wash.	2.6
First of Kenosha (4002), Wis.	2.6
IAA Trust Co. (B), Ill.	2.6
Texas Commerce	2.5
AmSouth, Ala.	2.5
Hawaiian Trust	2.5
Moline National, Ill.	2.5
Old Second Natl., Ill.	2.5
First Interstate of Calif.	2.5
Landmark Union Trust, Fla.	2.5
Ouachita Natl., La.	2.5
Irving Trust, N.Y.	2.5
Natl. City, Cleveland	2.5
Harris Trust, Ill.	2.5
Shearson-Lehman Index	**2.1**

1-year returns

	%
First Interstate of Nevada	23.3
Allied Bank, Texas	22.4
IAA Trust Co. (Fund B), Ill.	20.6
Lloyds Bank (Fund C), Calif.	20.4
Central Fid., Lynchburg, Va.	20.2
Life of Virginia	20.2
Security Pacific (V), Calif.	20.2
First Interstate of Denver	19.7
Centerre Trust, Mo.	19.6
United of Denver	19.4
Colorado National Bank	19.2
MBank, Austin, Texas	19.1
Equitable Life (No. 5), N.Y.	18.8
Seafirst Bank, Wash.	18.7
Bank of California	18.6
Merchants Natl., Ala.	18.6
Colonial Am. Natl., Va.	18.6
First Wis. Natl., Madison	18.5
Union National, Wichita	18.3
Northern Central, Pa.	18.3
Beverly Bank, Ill.	18.3
Travelers, Conn.	18.2
California First Bank	18.1
Commonwealth Natl., Pa.	18.1
Chemical Bank (FI1), N.Y.	18.1
General American (No. 9), Mo.	18.1
First Interstate of Ariz.	18.1
First of Chicago	18.0
Wheeling Dollar Bank, W. Va.	18.0
Mellon Bank, Pa.	18.0
Central Natl., Cleveland	17.8

Top fixed funds by size

1-year returns

Over $100 million

	%
Life of Virginia	20.2
Centerre Trust, Mo.	19.6
Equitable Life, N.Y.	18.8
First of Chicago, Ill.	18.0
American Security, D.C.	17.2
John Hancock, Mass.	17.2
Irving Trust, N.Y.	17.0
CIGNA Corp., Conn.	16.9
Wachovia Bank, N.C.	16.5
Citibank, N.Y.	16.4

$50 million to $100 million

	%
First Interstate of Denver	19.7
Chemical Bank, N.Y.	18.1
Mellon Bank, Pa.	18.0
Northern Trust, Ill.	17.7
Continental Illinois	17.4
Comerica Bank, Mich.	17.0
Marine Midland, N.Y.	16.9
Mutual of New York	16.8
US Trust, N.Y.	15.9
NCNB National Bank, N.C.	15.7

$10 million to $50 million

	%
Allied Bank, Texas	22.4
Lloyds Bank, Calif.	20.4
Security Pacific, Calif.	20.2
United of Denver, Colo.	19.4
Colorado National Bank	19.2
Seafirst Bank, Wash.	18.7
First Wis. Natl., Madison	18.5
Northern Central, Pa.	18.3
Travelers, Conn.	18.2
California First Bank	18.1

Under $10 million

	%
First Interstate of Nev.	23.3
IAA Trust Co., Ill.	20.6
Central Fid., Lynchburg	20.2
MBank, Austin, Texas	19.1
Bank of California	18.6
Merchants Natl., Ala.	18.6
Colonial Amer. Natl., Va.	18.6
Union Natl., Wichita	18.3
Beverly Bank, Ill.	18.3
Wheeling Dollar Bank	18.0

10-year returns

Over $100 million

	%
Life of Virginia	12.2
Texas Commerce	11.5
American Security, D.C.	10.8
Manufacturers Hanover	10.5
Centerre Trust, Mo.	10.3
John Hancock, Mass.	10.3
CIGNA Corp., Conn.	10.0
Citibank, N.Y.	9.5
Wachovia Bank, N.C.	9.4
Irving Trust, N.Y.	9.4

$50 million to $100 million

	%
Hibernia National, La.	11.1
Mercantile Trust, Mo.	10.3
Mellon Bank, Pa.	10.0
US Trust, N.Y.	9.8
NCNB Natl. Bank, N.C.	9.7
American Natl., Chicago	9.6
Bankers Trust, N.Y.	9.5
First Interstate of Denver	9.1
Norwest Bank, Minn.	9.0
Northern Trust, Ill.	9.0

$10 million to $50 million

	%
Fourth Natl., Wichita	12.3
Pacific Mutual, Calif.	12.2
Sovran Bank, Va.	11.5
First Jersey Natl.	11.2
Seafirst Bank, Wash.	11.0
Jefferson Trust, Ill.	10.8
First Interstate of Calif.	10.7
California First Bank	10.7
Fidelity Bank, Pa.	10.7
First Fidelity Bank, N.J.	10.6

Under $10 million

	%
Beverly Bank, Ill.	11.5
Central Fid., Lynchburg	11.2
First of Neenah, Wis.	10.3
First in Bartlesville	10.2
Union Planters, Tenn.	10.2
MBank, Austin, Texas	10.1
Ohio Citizens Trust	10.0
Toledo Trust, Ohio	10.0
First of Penna, Erie	9.9
Oregon Bank	9.9
Key Trust Co., N.Y.	9.9
First of Warsaw, Ind.	9.9
Moline National, Ill.	9.9

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*Based on RiskReturn Performance Comparisons report issued by Frank Russell Company for Investment Advisor Separate Accounts and Balanced Separate Accounts for five years ending 12/31/84.

Confederation Life, Ont.	17.8
Fourth National, Wichita	17.7
Northern Trust, Ill.	17.7
AmSouth, Ala.	17.6
First of Minneapolis	17.5
American National, Minn.	17.5
Manufacturers Detroit, Mich.	17.5
Crocker Natl. (Fund R), Calif.	17.4
Mutual of New York	17.4
Trust Svcs of Amer., Calif.	17.4
Continental Illinois	17.4
Natl. Bank of Commerce, Tenn.	17.3
Commerce Union, Tenn.	17.3
American Security, D.C.	17.2
John Hancock, Mass.	17.2
First Jersey Natl., N.J.	17.2
First Kentucky Trust	17.1
Key Trust Co., N.Y.	17.0
Comerica Bank, Mich.	17.0
Irving Trust, N.Y.	17.0
First of Warsaw, Ind.	17.0
First Fidelity Bank, N.J.	17.0
Natl. Bank of Commerce, Neb.	17.0
Oregon Bank	17.0
Connecticut National Bank	16.9
First of Cincinnati	16.9
CIGNA Corp., Conn.	16.9
Marine Midland, N.Y.	16.9
Toledo Trust, Ohio	16.9
Manufacturers Life, Ont.	16.9
Shearson-Lehman Index	**16.9**

3-year returns

	%
First Variable Life, Ark.	21.4
Life of Virginia	21.3
First Wis. Natl., Madison	20.9
Trust Svcs of Amer., Calif.	20.1
Mutual of N.Y.	20.0
Central Fid., Lynchburg, Va.	19.9
First Kentucky Trust	19.7
United of Denver	19.7
Wheeling Dollar Bank, W. Va.	19.7
Colorado National Bank	19.6
IAA Trust Co. (Fund B), Ill.	19.5
Pacific Mutual, Calif.	19.4
Society National, Ohio	19.3
Commonwealth Natl., Pa.	19.3
Allied Bank, Texas	19.3
AmSouth, Ala.	19.2
Lloyds Bank (Fund C), Calif.	19.2
Central Natl., Cleveland	19.2
Commerce Union, Tenn.	19.1
John Hancock, Mass.	19.1
California First Bank	19.0
Colonial Amer. Natl., Va.	18.8
CIGNA Corp., Conn.	18.7
Mutual of N.Y.	18.7
American Security, D.C.	18.7
CIGNA Corp., Conn.	18.7
First Interstate of Denver	18.6
Citibank, N.Y.	18.5
Centerre Trust, Mo.	18.4
Marine Midland, N.Y.	18.3
Toledo Trust, Ohio	18.3
First of Chicago	18.2
State Street Bank, Mass.	18.2
Irving Trust, N.Y.	18.2
Beverly Bank, Ill.	18.2
Wachovia Bank, N.C.	18.1
Key Trust Co., N.Y.	18.1
First Interstate of Ariz.	18.0
Pioneer Bank, Ill.	18.0
Liberty National, Okla.	18.0
Bank of California	17.9
Sovran Bank, Va.	17.9
First Interstate of Nevada	17.9
Security Pacific (Fund F), Calif.	17.8
First of Omaha (Fund C), Neb.	17.8
Merchants National, Ala.	17.8
General American (No. 9), Mo.	17.7
First Fidelity, N.J.	17.7
Bank of New York	17.6
Connecticut National Bank	17.6
First of Allentown, Pa.	17.6
First Interstate of Calif.	17.6
Hamilton Bank, Pa.	17.6
Ohio Citizens Trust	17.6
Union Planters, Tenn.	17.5
First Fidelity Bank, N.J.	17.5
Mellon Bank, Pa.	17.4
Crocker National (Fund R), Calif.	17.4
Natl. Bank of Commerce, Neb.	17.3
Norwest Bank, Minn.	17.3
Confederation Life, Ont.	17.3
First of Neenah, Wis.	17.2
Liberty National, Ky.	17.2
Morgan Guaranty, N.Y.	17.2
Shearson-Lehman Index	**17.1**

5-year returns

	%
Sovran Bank, Va.	17.6
Life of Virginia	17.5
First Variable Life, Ark.	17.1
Allied Bank, Texas	17.0
First Kentucky Trust	16.8
Lloyds Bank (Fund C), Calif.	16.3
CIGNA Corp., Conn.	16.2
Northern Central, Pa.	16.2
Beverly Bank, Ill.	16.0
Central Fid., Lynchburg, Va.	15.9
State Street Bank, Mass.	15.9
First Interstate of Denver	15.8
Pacific Mutual, Calif.	15.8
Society National, Ohio	15.7
Ohio Citizens Trust	15.6
Mutual of New York	15.6
Colonial American Natl., Va.	15.6
Bankers Trust (Fund A), N.Y.	15.6
Central Natl., Cleveland	15.6
American Security, D.C.	15.6
California First Bank	15.6
Cullen Bank, Texas	15.5
Toledo Trust, Ohio	15.5
First Interstate of Calif.	15.5
Mercantile Trust, Mo.	15.4
Trust Svcs of Amer., Calif.	15.3
Union Planters, Tenn.	15.3
Crocker National (Fund R), Calif.	15.3
Marine Midland, N.Y.	15.3
Texas American Bank	15.2
Citibank, N.Y.	15.2
First Fidelity, N.J.	15.2
Key Trust Co., N.Y.	15.2
First of Maryland	15.2
Wachovia Bank, N.C.	15.2
First Jersey Natl., N.J.	15.2
MBank, Austin, Texas	15.1
Mellon Bank, Pa.	15.1
American Natl. Bank, Tenn.	15.1
First Interstate of Ariz.	15.0
First Fidelity Bank, N.J.	15.0
Riggs of Washington	15.0
First Natl. of Commerce, La.	15.0
Morgan Guaranty, N.Y.	15.0
Natl. Bank of Commerce, Tenn.	15.0
United of Denver	14.9
Shearson-Lehman Index	**14.9**
First Bank, Milwaukee	14.9
Liberty National, Okla.	14.9
Central Penn, Pa.	14.8
Centerre Trust, Mo.	14.8
First of Omaha (Fund C), Neb.	14.8
Mutual of New York	14.8
Bank of California	14.8
National of Georgia	14.8
Landmark Union Trust, Fla.	14.8
Commonwealth Natl., Pa.	14.8
Gary Wheaton Bank, Ill.	14.7
Connecticut National Bank	14.7
First Natl., Jackson, Miss.	14.7
Merchants National, Ala.	14.7

P&I Age's annual master trust directory will be published May 27.

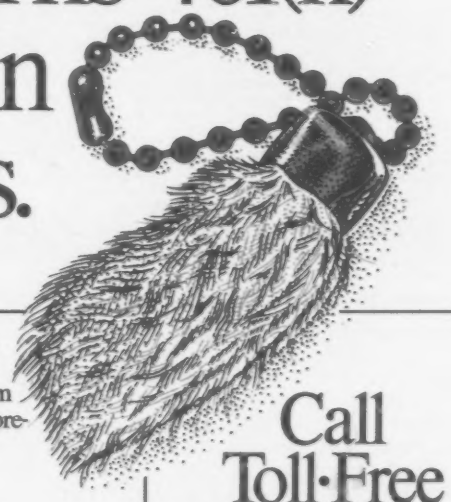
10-year returns

	%
Fourth Natl., Wichita	12.3
Pacific Mutual, Calif.	12.2
Life of Virginia	12.2
Beverly Bank, Ill.	11.5
Sovran Bank, Va.	11.5
Texas Commerce	11.5
Central Fid., Lynchburg, Va.	11.2
First Jersey Natl., N.J.	11.2
Hibernia National, La.	11.1
Seafirst Bank, Wash.	11.0
American Security, D.C.	10.8
Jefferson Trust, Ill.	10.8
First Interstate of Calif.	10.7
California First Bank	10.7
Fidelity Bank, Pa.	10.7
First Fidelity Bank, N.J.	10.6
Manufacturers Hanover, N.Y.	10.5
Allied Bank, Texas	10.4
Centerre Trust, Mo.	10.3
Commerce Union, Tenn.	10.3
First of Neenah, Wis.	10.3
First Wis. Natl., Madison	10.3
John Hancock, Mass.	10.3
Mercantile Trust, Mo.	10.3
Cullen Bank, Texas	10.2
First in Bartlesville, Okla.	10.2
Manufacturers Detroit	10.2
Union Planters, Tenn.	10.2
Lloyds Bank (Fund C), Calif.	10.2
First Kentucky Trust	10.2
AmeriTrust, Ohio	10.2
American Natl. Bank, Tenn.	10.1
First Interstate of Ariz.	10.1
MBank, Austin, Texas	10.1
Ohio Citizens Trust	10.0
Toledo Trust, Ohio	10.0
Mellon Bank, Pa.	10.0
Trust Svcs of Amer., Calif.	10.0
First of Toledo	10.0
CIGNA Corp., Conn.	10.0
First of Penna, Erie, Pa.	9.9
Oregon Bank	9.9
Key Trust Co., N.Y.	9.9
United of Denver, Colo.	9.9
First of Warsaw, Ind.	9.9
Moline National, Ill.	9.9
Riggs of Washington	9.9
Shearson-Lehman Index	**9.6**

Consultants will be profiled in the Nov. 25 issue.

PENSION PROFILE: THREE

It isn't luck that Southwestern's 401(k) products are in so many plans.



Some of the nation's largest corporations and associations have purchased Southwestern's 401(k) products.

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As an alternative investment, Southwestern offers three Separate Accounts: Short-Term, 90/10 Equity and Growth Equity. Our **Short-Term Account** uses short term money market instruments for maximum current income with capital and liquidity protection. The **90/10 Equity Account** limits downside risk, reduces portfolio volatility and allows participation in rising equity markets. The **Growth Equity Account** seeks maximum long-term capital appreciation in a diverse portfolio.

Experience

Southwestern's pension investment portfolio is managed by Tenneco Asset Management Company (T.A.M.CO.), the investment advisory subsidiary of Tenneco Inc., the 15th largest U.S. corporation based on assets. T.A.M.CO. currently manages more than $2.6 billion in assets.

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Top quartile commingled equity funds

3-month returns

	%
MBank, Fort Worth	16.2
Citizens Chillicothe, Mo.	15.1
Pioneer Bank, Ill.	15.1
First of Neenah, Wis.	14.3
New York Life Ins. (No. 1)	14.3
California First Bank	14.1
First of Kenosha, Wis.	13.9
First Trust Corp., Colo.	13.6
US Trust, N.Y.	13.2
First Interstate of Nevada	13.2
New Jersey National	13.0
Old Kent, Mich.	13.0
Continental Bank, Pa.	12.8
First Natl. of Commerce, La.	12.8
Central Fid. Richmond, Va.	12.5
First Kentucky Trust	12.5
Chemical Bank (No. 2), N.Y.	12.4
Manufacturers Detroit	12.3
Equitable Life (No. 4), N.Y.	12.3
Branch Bank & Trust, N.C.	12.2
Guardian Insurance (No. 1), N.Y.	12.2
First Jersey National	11.9
First of Shreveport, La.	11.9
First Interstate of Ariz.	11.9
Minnesota Mutual	11.9
First Trust St. Paul	11.8
Philadelphia National	11.7
Summit Trust Co., N.J.	11.7
Sun Bank, Fla.	11.6
Nationwide Life Ins., Ohio	11.5
Oregon Bank	11.1
State Street Bank (No. 1), Mass.	11.1
First Wis. Natl., Madison	11.1
Penn Mutual Life (A), Pa.	10.9
Security Natl. Bank, W. Va.	10.9
Pittsburgh Natl. (Ct-QMS), Pa.	10.9
Mellon Bank, Pa.	10.9
First Interstate of Denver	10.8
IAA Trust Co. (Fund C), Ill.	10.8
First of Boston, Mass.	10.8
Omaha Natl. Bank, Neb.	10.7
Merchants Natl. (No. 1), Ind.	10.7
Toledo Trust	10.7
First of America, Mich.	10.7
First Interstate of Oregon	10.7
First of Neenah, Wis.	10.7
Comerica Bank, Mich.	10.6
Texas Commerce	10.6
MBank, Austin, Texas	10.6
Mutual Benefit, N.J.	10.5
BancTexas, Dallas	10.5
Central Natl., Cleveland	10.5
Aetna Life & Cas., Conn.	10.5
Lloyds Bank, Calif.	10.4
First Natl. of Tulsa	10.4
MTrust, Texas	10.4
Indiana National Bank	10.4
Seattle Trust, Wash.	10.4
Pittsburgh National, Pa.	10.4
Equitable Life (No. 1), N.Y.	10.3
Fidelity Bank, Pa.	10.3
Crown Life, Ont.	10.2
Connecticut Bank & Trust	10.2
First Tennessee, Memphis	10.2
Life of Virginia (Acct. A)	10.1
American Fletcher, Ind.	10.1
Prudential (Pridek), N.J.	10.1
County Bank of St. Louis	10.0
John Hancock (IL), Mass.	10.0
Provident National, Pa.	10.0
Standard & Poor's 500	**9.2**

1-year returns

	%
Bank of the West, Calif.	36.2
First of America, Mich.	35.8
Manufacturers Detroit	34.7
Sun Bank, Fla.	33.8
Guardian Insurance (No. 1), N.Y.	31.9
First Trust Corp., Colo.	31.7
First Interstate of Oregon	30.1
New Jersey National	29.8
State Street Bank (No. 1), Mass.	29.5
Pioneer Bank, Ill.	29.0
Toledo Trust, Ohio	28.0
Bancmidwest (Fund E), Ill.	27.7
Bank of New England, Mass.	27.5
John Hancock (No. 1), Mass.	27.5
First of Maryland	26.9
Centerre Trust, Mo.	26.8
MBank, Fort Worth	26.1
Bank of California	25.9
First Trust St. Paul	25.9
Mellon Bank, Pa.	25.8
First Wis. Natl., Madison	25.7
First Jersey Natl., N.J.	25.5
County Bank of St. Louis	25.3
First Union Bank, N.C.	25.3
First of Omaha (Fund D)	25.0
Old Kent, Mich.	25.0
State Natl., Evanston, Ill.	25.0
Philadelphia National	24.4
First in Bartlesville, Okla.	24.2

Top equity funds by size

1-year returns

Over $100 million

	%
John Hancock, Mass.	27.5
Mellon Bank, Pa.	25.8
First Union Bank, N.C.	25.3
Philadelphia Natl., Pa.	24.4
Provident National, Pa.	23.2
John Hancock, Mass.	23.1
Fidelity Mgmt. Trust, Mass.	22.4
MTrust, Texas	21.4
Norwest Bank, Minn.	20.7
Marine Midland, N.Y.	20.4

$50 million to $100 million

	%
First of America, Mich.	35.8
Manufacturers Detroit	34.7
Sun Bank, Fla.	33.8
Centerre Trust, Mo.	26.8
First Trust, St. Paul	25.9
First Wis. Natl., Madison	25.7
Old Kent, Mich.	25.0
Comerica Bank, Mich.	23.4
Fidelity Bank, Pa.	22.4
Sentry Life, Wis.	21.9

$10 million to $50 million

	%
Guardian Insurance, N.Y.	31.9
First Trust Corp., Colo.	31.7
First Interstate of Ore.	30.1
Bank of New England	27.5
Bank of California	25.9
First Jersey National	25.5
Resource Bank & Trust	24.1
Continental Bank, Pa.	23.9
Pittsburgh Natl., Pa.	23.8
American Natl. Bank, Tenn.	23.8

Under $10 million

	%
Bank of the West, Calif.	36.2
New Jersey National	29.8
State Street Bank, Mass.	29.5
Pioneer Bank, Ill.	29.0
Toledo Trust, Ohio	28.0
Bancmidwest, Ill	27.7
First of Maryland	26.9
MBank, Fort Worth	26.1
County Bank of St. Louis	25.3
First of Omaha	25.0
State Natl., Evanston, Ill.	25.0

10-year returns

Over $100 million

	%
US Natl. of Oregon	18.5
Bankers Life, Iowa	18.0
Provident National, Pa.	17.1
Bessemer Trust, N.Y.	17.0
First Union Bank, N.C.	16.6
Aetna Life & Casualty, Conn.	16.6
Massachusetts Mutual	16.3
MTrust, Texas	15.9
Life of Virginia	15.7
Equitable Life, N.Y.	15.5

$50 million to $100 million

	%
First Wis. Natl., Madison	20.9
AmSouth, Ala.	18.4
First of America, Mich.	16.3
First Interstate of Denver	16.1
Minnesota Mutual	15.2
Manufacturers Detroit	15.0
Chicago Title & Trust, Ill.	14.4
First Trust, St. Paul	13.6
United Virginia Bank	13.6
Northern Trust, Ill.	13.6

$10 million to $50 million

	%
Manufacturers Life, Ont.	25.7
Guardian Insurance, N.Y.	21.1
US Natl. of Galveston	19.4
First Variable Life, Ark.	19.2
First Trust Corp., Colo.	18.7
Landmark Union Trust, Fla.	17.3
First of Oklahoma	16.5
Fourth Natl., Tulsa, Okla.	16.1
Employers Life of Wausau	15.8
First Interstate of Wash.	15.8
Nationwide Life Ins., Ohio	15.8

Under $10 million

	%
Citizens Chillicothe, Mo.	19.6
Confederation Life, Ont.	17.9
MBank Fort Worth	16.1
First Tennessee, Chat.	14.7
Wheeling Dollar Bank	14.3
Pittsburgh Natl., Pa.	14.2
First of Kenosha, Wis.	13.8
Union Central, Ohio	13.8
Central Fid., Richmond, Va.	13.7
Lake Shore Natl., Ill.	13.5

Resource Bank & Trust, Minn. . . 24.1
Pittsburgh Natl. (Ct-QMS), Pa. . . 24.1
Oregon Bank 24.0
Continental Bank, Pa. 23.9
Pittsburgh Natl. (GT-QMS) 23.8
American Natl. Bank, Tenn. 23.8
First of Neenah, Wis. 23.8
Comerica Bank, Mich. 23.4
MBank, Austin, Texas 23.4
Summit Bank, Ind. 23.2
Provident Natl., Pa. 23.2
John Hancock (No. 1K), Mass. . . 23.1
Republic Natl., Dallas 23.1
First Tennessee, Chat. 23.0
Trust Svcs of Amer., Calif. 23.0
Summit Trust Co., N.J. 22.9
US Natl. of Galveston 22.7
First of Maryland 22.7
Landmark Union Trust, Fla. 22.4
Fidelity Bank, Pa. 22.4
Fidelity Mgmt. Trust, Mass. 22.4
Puget Sound Natl., Wash. 22.3
Associated Manitowoc, Wis. 22.2
Southeast Bank, Fla. 22.2
Lake Shore Natl., Ill. 22.1
First of America, Mich. 22.1
Nationwide Life Ins., Ohio 22.0
Sentry Life (Acct. B), Wis. 21.9
Natl. Bank of Commerce, Neb. . . 21.9
Gary Wheaton Bank, Ill. 21.8
Dominion Trust, Va. 21.8
Citytrust, Conn. 21.7
Crown Life, Ont. 21.6
First Fidelity, N.J. 21.6
Central Bank, Monroe, La. 21.6
First Security Natl., Ky. 21.6
First Interstate of Ariz. 21.5
Colorado Natl. Bank 21.5
Central Fid., Richmond, Va. 21.4
MTrust, Texas 21.4
Standard & Poor's 500 . . . . . **18.9**

3-year returns

	%
Manufacturers Life, Ont.	39.4
Sun Bank, Fla.	33.8
First Union Bank, N.C.	33.5
First Variable Life, Ark.	31.4
First Interstate of Oregon	31.0
Guardian Insurance (No. 1), N.Y.	29.7
Fidelity Mgmt. Trust, Mass.	29.4
Connecticut Mutual Life	29.3
Provident Natl., Pa.	29.1
MBank, Fort Worth	28.7
Manufacturers Detroit	28.4
Marine Midland, N.Y.	28.4
Merchants Natl., Ala.	27.9
New England Mutual, Mass.	27.3
Lake Shore Natl., Ill.	27.2
Mutual Benefit, N.J.	27.0
AmSouth, Ala.	26.8
John Hancock (Acct. 1L), Mass.	26.4
First of Omaha (Fund D)	26.1
First Wis. Natl., Madison	26.1
Republic Natl., Dallas	25.9
Mercantile Safe, Md.	25.9
Minnesota Mutual (Acct. C)	25.9
United of Denver	25.9
First of Oklahoma	25.7
Bankers Life, Iowa	25.6
US Natl. of Galveston	25.6
First Trust, St. Paul	25.4
US Natl. of Oregon	25.3
Old Kent, Mich.	25.3
First Fidelity Bank, N.J.	25.1
Gary Wheaton Bank, Ill.	25.0
Colorado Natl. Bank	24.9
First of Warsaw, Ind.	24.9
Centerre Trust, Mo.	24.9
Cullen Bank, Texas	24.8
Dauphin Deposit, Pa.	24.7
Irving Trust, N.Y.	24.7
Natl. Bank of Commerce, Tenn.	24.6
Texas Commerce	24.6
Southeast Bank, Fla.	24.5
Resource Bank & Trust, Minn.	24.5
Landmark Union Trust, Fla.	24.2
Seattle Trust, Wash.	24.1
Citytrust (E1), Conn.	24.1
Nationwide Life Ins., Ohio	24.0
First Trust Corp., Colo.	24.0
Penn Mutual Life (Acct. A), Pa.	23.9
Aetna Life & Casualty, Conn.	23.8
Massachusetts Mutual	23.8
Oregon Bank	23.7
First Tennessee, Chat.	23.7
First of America, Mich.	23.7
John Hancock (Acct. 1K), Mass.	23.7
MTrust, Texas	23.6
New Jersey Natl.	23.5
Confederation Life, Ont.	23.4
First of Chicago	23.3
Union Central, Ohio	23.3
Bankers Trust (Index), N.Y.	23.3
Standard & Poor's 500	**23.2**

5-year returns

	%
Manufacturers Life, Ont.	32.5
First Union Bank, N.C.	27.2
Sun Bank, Fla.	26.0
First Fidelity Bank, N.J.	25.3
Manufacturers Detroit	24.9
Provident National, Pa.	24.9
First of Oklahoma	24.6
First Wis. Natl., Madison	24.5
AmSouth, Ala.	23.6
First Variable Life, Ark.	23.4
New England Mutual, Mass.	23.3
Connecticut Mutual Life	23.3
Lake Shore Natl., Ill.	23.0
US Natl. of Galveston	22.9
United of Denver	22.5
Guardian Insurance (No. 1), N.Y.	22.4
Midlantic Natl., N.J.	22.2
MBank, Fort Worth	22.1
First Tennessee, Chat.	22.1
First Trust Corp., Colo.	21.9
First Interstate of Oregon	21.7
First of Omaha (Fund D), Neb.	21.5
Massachusetts Mutual	21.5
IAA Trust (Fund C), Ill.	21.4
First Interstate of Denver	21.3
Mutual Benefit, N.J.	21.1
MTrust, Texas	21.1
First Interstate of Nevada	20.9
Landmark Union Trust, Fla.	20.9
Colorado National Bank	20.9
American Natl., Chicago	20.9
US Natl. of Oregon	20.9
Nationwide Life Ins., Ohio	20.8
Philadelphia Natl., Pa.	20.8
Equitable Life (No. 4), N.Y.	20.8
Dauphin Deposit, Pa.	20.6
Confederation Life, Ont.	20.6
Aetna Life & Casualty, Conn.	20.2
State Street Bank, Mass.	20.2
Centerre Trust, Mo.	20.2
Citytrust (Acct. E1), Conn.	20.1
Union Central, Ohio	20.0
Wheeling Dollar Bank, W. Va.	19.8
Bankers Life, Iowa	19.8
Minnesota Mutual (Acct. C)	19.8
Dominion Trust, Va.	19.8
Republic Natl., Dallas	19.7
Penn Mutual Life (Acct. A), Pa.	19.7
Gary Wheaton Bank, Ill.	19.6
Old Kent, Mich.	19.5
First Interstate of Wash.	19.4
Security Norstar Bank, N.Y.	19.4
Natl. Bank of Commerce, Tenn.	19.3
Texas Commerce	19.2
Sentry Life (Acct. B), Wis.	19.2
Mercantile Safe, Md.	19.2
First Alabama Bank (No. 1)	19.1
Employers Life of Wausau, Wis.	19.1
United Virginia Bank (No. 5822)	19.1
Fifth Third Bank, Ohio	19.0
First in Bartlesville, Okla.	19.0
First of America, Mich.	19.0
First of Warsaw, Ind.	18.9
Southeast Bank, Fla.	18.9
First Trust, St. Paul	18.9
First of Neenah, Wis.	18.9
Standard & Poor's 500	**17.9**

10-year returns

	%
Manufacturers Life, Ont.	25.7
Guardian Insurance (No. 1), N.Y.	21.1
First Wis. Natl., Madison	20.9
Citizens Chillicothe (B), Mo.	19.6
US Natl. of Galveston	19.4
First Variable Life, Ark.	19.2
First Trust Corp., Colo.	18.7
US Natl. of Oregon	18.5
AmSouth, Ala.	18.4
Bankers Life, Iowa	18.0
Confederation Life, Ont.	17.9

The partnership at work. Dick Fullarmes, Treasurer of General Electric Pension Trusts (center), discusses global custody with Dave Mann, Chase NY (left) and Colin Grimsey, Chase London.

Global Network Foreign Exchange

Landmark Union Trust, Fla.	17.3
Provident Natl., Pa.	17.1
Bessemer Trust, N.Y.	17.0
First Union Bank, N.C.	16.6
Aetna Life & Casualty, Conn.	16.6
First of Oklahoma	16.5
First of America, Mich.	16.3
Massachusetts Mutual	16.3
First Interstate of Denver	16.1
MBank, Fort Worth	16.1
Fourth National, Tulsa	16.1
MTrust, Texas	15.9
Employers Life of Wausau, Wis.	15.8
First Interstate of Wash.	15.8
Nationwide Life Ins., Ohio	15.8
First Interstate of Oregon	15.7
Life of Virginia (Acct. A)	15.7
Natl. Bank of Commerce, Neb.	15.6
Equitable Life (No. 4), N.Y.	15.5
United of Denver	15.4
Penn Mutual Life (Acct. A), Pa.	15.3
Home Life, N.Y.	15.3
Minnesota Mutual (Acct. C)	15.2
New England Mutual, Mass.	15.1
Manufacturers Detroit	15.0
Colorado Natl. Bank	15.0
Fifth Third Bank, Ohio	14.8
First Jersey Natl., N.J.	14.8
Liberty National, Okla.	14.7
Security Norstar Bank, N.Y.	14.7
First Tennessee, Chat.	14.7
Bank of Oklahoma, Tulsa	14.6
Chicago Title & Trust	14.4
Natl. City, Cleveland	14.4
Wheeling Dollar Bank, W. Va.	14.3
Continental Bank, Pa.	14.3
Pittsburgh Natl., Pa.	14.2
Phoenix Mutual, Conn.	14.1
Mutual Benefit, N.J.	14.0
Bank of Delaware	13.9

Bond managers . . .

Continued from page 13

the race 400 to 500 basis points ahead of the game," he continued. "With that kind of an approach, if you do your homework and don't stumble, you're really going to beat folks."

In second place for the quarter was St Louis-based General American Life Insurance Co.'s Separate Account 9, with a 5.2% compound annual return.

First Natl., Lincoln, Neb.	13.9
Connecticut Mutual Life	13.9
Citytrust (E1), Conn.	13.8
First of Kenosha (No.4001), Wis.	13.8
Union Central, Ohio	13.8
Standard & Poor's 500	**13.5**

First Interstate of Nevada, Reno, and Union National Bank of Wichita, Kan., tied for third at 5%.

For the year ended March 31, First Interstate of Nevada's fund was the leader, with 23.3%.

The median fund for the year had a 15.2% return; those funds in the first quartile had a 16.8% return or better. The Shearson Lehman index returned 16.9%.

The $5 million First Interstate of Nevada fund is managed by the bank's money management arm, First Interstate Investment Advisers, Las Vegas. Both are subsidiaries of First Interstate Bancorp, Los Angeles.

About 90% of the fund is invested in long-term U.S. government securities and 10% in convertible bonds, said Robert Lee, president of First Interstate Investment.

"We started the quarter fully invested in 30-year U.S. Treasuries," he said. "But about half way into the quarter, we sold about half of them."

When the bond market fell sharply in late February and early March, "we had less exposure to that falling market."

There is a reasonable likelihood that once this quarter's Treasury refunding is over in mid-May, interest rates will fall somewhat, he said.

"Consequently, purchasing long-term (30-year) bonds during the month of May would be a good strategy," Mr. Lee said.

Other top performers for the year included Allied Bank of Texas, Houston, with a 22.4% compound annual return; IAA Trust Co., Bloomington, Ill., 20.6%; and Lloyds Bank California, Los Angeles, 20.4%.

For the three years ended March 31, First Variable Life, Little Rock, Ark., was first, with 21.4%.

Life Insurance Co. of Virginia, Richmond, was second, with 21.3%; First Wisconsin National Bank of Madison, third at 20.9%; and Trust Services of America, Los Angeles, fourth at 20.1%.

The median fund for the period returned 16%; those in the first quartile had a 17.2% or better return. The Shearson Lehman index returned 17.1%.

Sovran Bank, Richmond, Va., was first for the five years ended March 31, with a 17.6% compound annual return.

Life Insurance Co. of Virginia placed second for the period with 17.5%; First Variable Life was third, with 17.1%; and Allied Bank, fourth, 17%.

The median fund for the period returned 14%; first quartile performers had at least 14.7%. The Shearson Lehman index stood at 14.9% for the five-year period.

For the 10 years ended March 31, Fourth National Bank of Wichita, Kan., was the top performer in PIPER, with a 12.3% compound annualized return.

The median fund for the 10 years logged 9.3% return and first quartile funds had a 9.9% return or better. The Shearson Lehman index returned 9.4%.

Life Insurance Co. of Virginia and Pacific Mutual Life Insurance Co., Newport Beach, Calif., tied for second, returning 12.2%.

Pacific Mutual's $15 million commingled bond fund is managed by Pacific Investment Management Co., a wholly owned subsidiary, said William H. Gross, managing director.

"That fund reflects our typical style at PIMCO," he said. "It is actively managed and utilizes interest rate forecasting as the primary basis for bond selection."

One source of success for the fund has been the use of a long-term secular approach to decision-making, as opposed to the cyclical approach often employed by most money managers, he explained.

"The year of 1985, from here on, is probably going to be one of narrow fluctuation of interest rates," he said.

Mr. Gross pointed to a number of crosscurrents in the markets.

"One, we're in a period of disinflation, and high real interest rates and low inflation, in which long-term bonds are very attractive compared to any other alternative," he said.

"That is a definite positive for the balance of the year, as well as for the next several years. From that standpoint, we're fairly optimistic on the bond market on a long-term basis."

Tied for third for the period were Beverly Bank, Chicago, Sovran Bank and Texas Commerce Bank, Houston, with 11.5%. ■

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For open-end property returns

Copley wins again in '84

By Mark Westerbeck

NEW YORK — For the second year in a row, the Developmental Property Account managed by Copley Real Estate Advisors was the open-end property fund with the best annual return among those reporting to the Pensions & Investments' Performance Evaluation Report.

Copley's 23.4% return for 1984 was not the best among all funds, however. Coldwell Banker Capital Management Services' fifth closed-end account, bolstered by extraordinary accounting and appraisal circumstances during the third quarter, closed out the year with a 24% return.

The Copley fund, which has been reporting performance results just since the start of 1983, continues to underscore the potential, even in the short term, in institutional-sized developmental joint ventures. Copley is the affiliate of New England Mutual Life Insurance Co., where many of the Copley executives learned the development business before the advisory subsidiary was spun out.

Not unusual for a new fund, it had a strong first reporting year — 30.8%. At year-end 1984, the Copley fund had a net asset value of $136 million involving 80 pension funds, but 10 large funds held 80% of the total pool. Value of the property assets in the portfolio is $225 million.

The fund grew by $100 million in 1984, $80 million of that from new contributions, according to Joseph O'Connor, Copley president. The fund picked up $25 million in the fourth quarter from pension clients such as Blue Cross, Boston Edison Co. and the Frank Russell Trust Co. open-end pool that has brought together six real estate commingled funds for investment by its own clients. Other major clients include CSX Corp., the Boilermakers, Iron Shipbuilders, Blacksmiths Forgers and Helpers National Pension Trust, Southland Corp., National Fuel & Gas Co. and Pennsylvania Power & Light Co.

Copley's 23.4% performance for the year reflected a strong fourth quarter submission. For the 12-month period through the third quarter, Copley showed 20.8%.

Citibank's fund, which had been the lowest among open-end pools for 12 months after the third quarter with 7.2%, also showed the effects of appraisal input, jumping into the top one-third by year-end with 14.9%.

The funds that finished second best for 1984 in both the open- and closed-end categories were new to PIPER — Corporate Property Investors, a long-standing $1.8 billion real estate investment trust that holds substantial pension investment and has a strong retail emphasis, and the $50 million closed-end participating mortgage fund run by Fayez Sarofim & Co., which has a two-year track record and has returned 17.4% during that time. Corporate Property returned 22.4% in 1984 and Fayez Sarofim, 22.5%.

Two open-end funds that followed Copley as leader in 1983 — run by J.P. Morgan Investment Management Inc. and Equitable Real Estate Investment Management — dropped into the middle of the pack last year. NCNB National Bank and First Bank of Minneapolis were notable for holding their ground.

For longer terms, by which real estate managers prefer to be measured, J.P. Morgan continues to maintain its hold as a leader, although its weaker-than-normal 1984 caused it to lose its grip on first place in the five-year period to NCNB.

Wachovia Bank & Trust Co., the industry's oldest fund, continues to exhibit the vagaries of cyclical real estate, being one of the leading funds during five years, although one of the lesser performers in shorter terms.

The monster funds, Prudential Asset Management Co.'s $5.7 billion PRISA and Equitable's $2.6 billion Separate Account #8, act as the solid index funds they are said to be during longer terms. For five years, they both have given off 14.1% a year, compounded annually.

As The RREEF Funds prepare to start liquidating its first fund, East I, next year, it carries an 18.8% compound annual return since its 1977 inception.

While strong, that is exceeded by the 21.8% reported by Coldwell Banker for its Fund II (also scheduled for liquidation), Corporate Property Investors' 20.3% and J.P. Morgan's 19%. (Morgan's fund, it should be noted, was invested much more in real estate securities than equity property during much of that time.)

Coldwell Banker and RREEF, the long-term players in the closed-end property fund market, generally mirror themselves in performance. Coldwell liquidated its first fund a year ago, returning more than 14% to investors. For the shorter terms, they tend to be exceeded by the newer funds, notably JMB Institutional Realty and LaSalle Advisors, Inc. ■

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Commingled property funds

Following are the returns on commingled real estate funds that are reported to the Pensions & Investment's Evaluation Report for periods ended Dec. 31. If a fund is not listed, the manager does not participate, failed to meet the deadline for reporting or did not have a fund in existence during the periods listed. Some fund managers appraise all property in a portfolio only once a year and might report only income returns during a certain reporting period.

Real estate open-end funds

1-year returns

	%
Copley Real Estate	23.4
Corporate Property Investors	22.4
Phoenix Mutual	20.5
Metropolitan Tower Fund	20.2
NCNB	19.0
Metropolitan Fund RE	16.3
Prudential MORISA	16.2
Prudential PRIMOR	15.6
Canada Life	15.6
Chase Manhattan	15.6
First Bank of Minneapolis	15.4
Citibank	14.9
Prudential PRISA	14.5
CIGNA	14.2
Equitable #8	14.1
J.P.Morgan	14.0
Bankers Life	14.0
Aetna	13.1
First Bank of Boston	13.0
Bank One Ohio	13.0
Sun Bank	12.9
First Chicago	12.8
United Virginia Bank	12.3
Crocker Bank	12.1
InterFirst Dallas	11.9
Mass Mutual	11.8

Mercantile Trust	11.8
John Hancock	11.1
Wells Fargo	10.6
Republic National	10.5
Third National Nashville	10.5
Chemical Bank	10.1
Wachovia Bank	9.9
Seafirst Bank	9.5
New York Life	9.1
AmeriTrust	7.3
Travelers	6.8
Bank of America	6.6
Consumer Price Index	**3.9**

3-year returns

	%
J.P. Morgan	18.8
Phoenix Mutual	17.3
NCNB	16.8
Prudential MORISA	16.6
Prudential PRIMOR	16.6
Metropolitan Tower Fund	16.4
Metropolitan Fund RE	15.8
CIGNA	14.8
First Bank of Minneapolis	14.8
Chase Manhattan	14.2
Chemical Bank	14.1
Canada Life	14.0
InterFirst Dallas	13.8
Corporate Property Investors	13.6
Equitable #8	13.6
First Bank Boston	13.4
First Chicago	12.8
Mercantile Trust	12.6
Bank One Ohio	12.5
Sun Bank	12.5
Aetna	11.9
Bankers Life	11.7
Mass Mutual	11.4
Republic National	11.4
John Hancock	11.0
Crocker Bank	10.7
Wachovia Bank	10.6
Prudential PRISA	10.3
Wells Fargo	10.3
Bank of America	10.3
Seafirst Bank	10.0
Third National Nashville	9.7
Citibank	9.4
Travelers	7.7
New York Life	5.9
Consumer Price Index	**3.9**

5-year returns

	%
NCNB	17.6
J.P. Morgan	17.3
Metropolitan Fund RE	16.2
Chemical Bank	15.5
Wachovia Bank	15.5
Bank One Ohio	14.8
Corporate Property Investors	14.7
Prudential PRISA	14.1
Aetna	14.1
Equitable #8	14.1
First Chicago	14.0
First Bank of Boston	13.7
InterFirst Dallas	13.5
Wells Fargo	13.1
John Hancock	12.3
Crocker National	12.1
Bank of America	11.2
Travelers	10.5

Actuary group releases cost method study

WASHINGTON — The American Academy of Actuaries has released a 14-volume study of the effect of different actuarial cost methods on pension expense.

Prepared to aid the Financial Accounting Standards Board in understanding the significance of different cost methods, the study examined cost for 10 participant groups under five actuarial cost methods during a 20-year period.

The study found "a generally consistent pattern of pension expense" under the entry age normal, frozen initial liability and aggregate cost methods.

The two other methods — unit credit and pro-rated unit credit/service prorate — "present a less consistent relationship with each other and with expense under cost allocation methods," it found.

The 14-volume set can be purchased for $240 from the Academy at 1835 K St. N.W., Suite 515, Washington, D.C. 20006. ■

Consumer Price Index	**6.5**

10-year returns

	%
Corporate Property Investors	19.2
J.P. Morgan	19.1
Prudential PRISA	14.7
Wachovia Bank	14.0
Equitable #8	12.6
Metropolitan Fund RE	12.5
Wells Fargo	12.5
First Chicago	11.6
Consumer Price Index	**7.3**

Real estate closed-end funds

1-year returns

	%
Coldwell V	24.0
Fayez Sarofim	22.5
John Hancock SERA I	21.1
State Street Bank	21.0
JMB I	20.6
LaSalle Advisors	14.5
Coldwell II	13.9
RREEF East II	12.4
RREEF Midamerica II	12.2
RREEF USA I	11.5
Coldwell VII	11.3
RREEF East III	10.7
Coldwell IV	10.4
Coldwell VI	10.0
Coldwell III	9.8
RREEF USA II	8.8
RREEF East IV	8.6
RREEF Midamerica I	7.6
RREEF East I	7.1
Consumer Price Index	**3.9**

3-year returns

	%
JMB I	18.1
LaSalle Advisors	16.2
Coldwell V	16.0
RREEF Midamerica II	15.2
Coldwell II	15.1
RREEF USA II	14.3
Coldwell IV	13.7
RREEF East III	13.3
RREEF East II	12.8
RREEF USA I	12.8
Coldwell VI	11.6
RREEF East I	11.4
Coldwell III	10.6
RREEF Midamerica I	10.4
RREEF East IV	9.4
Consumer Price Index	**3.9**

5-year returns

	%
Coldwell II	22.3
RREEF East I	15.5
Coldwell IV	15.3
RREEF East II	14.9
Coldwell III	13.0
Consumer Price Index	**6.5**

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Cash Management

Bradford pays heavy price in collapses

By Richard J. Gillespie

NEW YORK — One institution — Bradford Trust Co. — was caught in the middle of the collapses of both Lion Capital Group and ESM Government Securities Inc., and the New York-based clearing agent and custodial bank is paying a heavy price.

The company has been sued by several clients of the two firms, for which it acted as clearing agent. The issue is whether a clearing agent has any responsibility to the clients of its broker/dealer customers.

In one instance, Bradford, which recently changed its name to Fidata Trust Co. New York, has found itself facing a bevy of angry New York school districts that lodged rival claims to the $47.5 million collateral Bradford's lawyers say was security for loans Bradford provided to its former client, Lion Capital Group.

On April 25, U.S. Bankruptcy Court Judge Howard C. Buschman determined he could not grant approval to an out-of-court settlement that awarded the majority of that collateral, about $34 million, to Bradford.

Until Judge Buschman does approve a settlement, the collateral will remain tied up in the legal proceedings, and neither Bradford Trust nor the school districts will be able to get their hands on it.

About the only piece of good luck Bradford Trust seems to have had in the past few months is that it was not mentioned as having had any involvement in the collapse of Bevill, Bresler and Schulman Asset Management Corp., another government securities dealer. BBS announced in April that it, too, was filing for protection under Chapter 11 of the Bankruptcy Code.

Bradford was not named in any reports of the filing because it had "sold" its account relationship with BBS to Security Pacific Clearing and Services Co. under an agreement signed one month earlier.

As a result of the deal it struck with Security Pacific and signed March 7, Bradford Trust is out of the government securities clearing business altogether.

"Thank God for that," said Alan Winters, president and chief executive officer of Fidata Corp. But while Bradford (or Fidata) might be out of the government securities clearing business, it is not yet out of hot water.

The New York-based institution's earlier attempt to find a niche for itself as a clearing agent to secondary-market government securities dealers has left it with many lawsuits on its hands and has tied up a large part of its assets in a seemingly interminable legal wrangle.

Aside from the New York school district suits, the City of Harrisburg, Pa., filed in federal court for recovery of $3.7 million in government securities allegedly purchased from ESM, charging Bradford with violations of federal securities laws and common law fraud. Dauphin County, Pa., also a customer of ESM Government Securities, sued Bradford alleging that in liquidating securities, it wrongfully converted the county's securities, which it held as custodian and agent, or alternatively, Bradford negligently and carelessly violated a duty which, as agent for ESM, it allegedly owed to the county.

Another lawsuit is threatened by Thomas Tew, trustee for the creditors of ESM Government Securities of Fort Lauderdale, Fla.

Mr. Tew has said he is considering a suit against Bradford, once again to resolve for the contested ownership of the collateral.

"I just don't know why New York state allows Bradford to continue under these circumstances. It just baffles me," said George Gasser, treasurer of Saratoga County in upstate New York. The county is fighting Bradford for ownership of some $4.5 million in collateral for repurchase agreements it had done with Lion Capital.

But lawyers for Bradford Trust maintain investors like Mr. Gasser have only themselves to blame, and that Bradford Trust has no responsibility to the customers of its clearing clients.

Mr. Gasser has said he was sent letters of confirmation that the county's securities were being held in segregated accounts for them at Bradford Trust.

He admits, however, that those confirmation slips were sent by Lion Capital — on Lion Capital stationery — and not by Bradford Trust.

Lion Capital's customers have never produced evidence that Bradford Trust had ever been instructed by Lion Capital to segregate securities.

In a recent news release, a Fidata Corp. spokesman expressed surprise that Mr. Tew, the ESM trustee, would even consider suing Bradford for not segregating securities in broker/dealer accounts.

"While the trustee apparently intends to claim that the securities liquidated were customer securities, Bradford received no instructions from these customers or from ESM to deliver or hold the securities for the benefit of customers," the statement said.

"Bradford believes that in actuality these

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Notes

Direct deposit pushed

WASHINGTON — The Department of Treasury's financial management service is conducting a campaign to raise participation in its direct deposit program.

The Treasury intends to boost the direct deposit program, which routes government payments through the automated clearinghouse — an electronic payments network operated among member banks.

The government will be advertising on television and in magazines to drive the message home.

According to a news release, this year's campaign marks a shift from building public awareness about the program to urging check recipients to enroll in the direct deposit program.

Asset flows watched

HOLLISTON, Mass. — Money market asset flows followed interest rates from September 1984 to April 1985, according to a report in the April edition of the Money Fund Report.

The volatile capital flows into and out of institution-only money funds in particular, seem to be related to the level of interest rates.

From September 1984 through January 1985, the assets of taxable money funds increased almost $38 billion, a 22% increase, according to the newsletter, published by the Cash Management Institute.

When interest rates showed signs of going back up, institutional investors, which were the first to return to money funds last fall, also were the first to leave.

"During the 11-week period from Jan. 15 to April 2, 1985, $10.4 billion (19.6%) left the institutional money funds," according to the report.

"Some of these money funds have had asset outflows of 30% since Jan. 15."

The reason cited: higher returns directly in the money market.

Less savvy individual investors did not follow the institutional investors example, it seems. An out-

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Payden & Rygel index of short maturity assets*
(for month ending April 30, 1985)

	Quarter Ending 3/31/85	April 1985	Quarter to date	Year to date	Yield level monthly change*
	Annualized total returns				
90 Day					
U.S. Treasury bill	8.24%	9.15%	9.15%	8.51%	−33
Domestic C.D.	8.26	9.68	9.68	8.67	−45
Eurodollar C.D.	8.39	9.65	9.65	8.75	−35
180 Day					
U.S. Treasury bill	8.28	11.39	11.39	9.12	−44
Domestic C.D.	7.82	11.51	11.51	8.80	−52
Eurodollar C.D.	8.22	11.34	11.34	9.06	−45
1 Year					
U.S. Treasury note	8.35	14.53	14.53	9.97	−50
2 Year					
U.S. Treasury note	7.30	20.94	20.94	10.81	−52

*Figures are annualized total returns. Quarter-to-date and year-to-date figures linked monthly. 90 and 180 Day Treasury bill yield level changes on discount basis.
*Basis points.

Source: Payden & Rygel, Los Angeles, Calif.

Trendlines reversed

The yield level trendlines were reversed in the Payden & Rygel Index of Short Maturity Assets graph that appeared in the April 29 issue of *Pensions & Investment Age*.

The trendline for the two-year Treasury note was tagged for the three-month Treasury bill and vice versa; the trendline for the six-month Treasury bill was tagged as the one-year Treasury note trendline and vice versa.

The total return bar charts for the fourth quarter of 1984 were correct.

Merrill Lynch clients benefit from ACH

By Fred Williams

A nationwide electronic transfer service, developed jointly by Merrill Lynch, Pierce, Fenner & Smith Inc. and Mellon Bank, allows some high-dollar Merrill Lynch clients to benefit from the giant financial services firm's newly gained access to the automated clearinghouse network.

Walter Veghte, Merrill Lynch assistant vice president for electronic financial services marketing, said the system would not have been possible without a successful relationship with a banking partner in order to gain access to the ACH.

Mr. Veghte explained the system to banking and financial representatives at the 10th annual conference of the National Automated Clearing House Association here last month during a discussion of methods for augmenting the use of the ACH network by banks and financial institutions, especially those with regular recurring payment requirements.

The Merrill Lynch direct transfer service, or electronic credit collection service, was made available to the firm's Cash Management Account customers about a year ago, Mr. Veghte said. Merrill Lynch has approximately 20,000 such customers and a monthly inflow of about $35 million, he said.

The Cash Management Account is a specialized package of services offered to Merrill Lynch customers in the higher-income brackets and includes check writing and VISA card services along with a brokerage account and a money market fund.

The direct transfer service allows payroll, pension, Social Security or other federal payment checks to customers to be automatically credited to their accounts through Mellon and the ACH network.

"The direct transfer service will help Merrill Lynch by bringing more funds under management, and at the same time, it lowers our processing costs," said Mr. Veghte.

Eileen Steigleder, assistant ACH product manager at Mellon Bank said the service is in keeping with the bank's policy of electronic funds transfer and ACH services technology innovation.

"From Mellon's perspective, we saw the potential for a creative, dynamic and innovative ACH transaction service. In addition, it encourages increased use of the automated clearinghouse system nationwide," she said.

The electronic credit collection service provided by Mellon also is suitable for mutual funds and others in the brokerage community, she said. Merrill Lynch was the first customer.

Mr. Veghte said the direct transfer service was "revolutionary for us, since we didn't have access to the ACH network."

In seeking a banking partner Merrill Lynch was looking for an institution that would capture all items daily, edit and handle return items, provide settlement transactions with regional ACH institutions and transmit all items for posting the following day.

"We selected Mellon for its processing ability, its perceived expertise in cash management services, for its commitment and for price," said Mr. Veghte.

The direct transfer service offers Merrill's CMA customers the convenience of eliminating paper checks while "maximizing earnings power" by moving payments electronically to their accounts.

Ms. Steigleder said the electronic credit collection system "paralleis somewhat a corresponding banking relationship."

"Mellon bank receives ACH credit transactions from the Cleveland Federal Reserve acting as the agent of TRISACH (Tri-States Automated Clearing House), our regional ACH," she said. "Some of these credits are destined, not for accounts held by Mellon Bank, but for Merrill Lynch Cash Management Accounts.

These credit transactions represent recurring salary and pension payments originated by either private corporations or government entities.

"Mellon's system identifies these transactions as being destined for Merrill Lynch. They are then pulled into a special processing stream, which then releases the

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Pensions & Investment Age

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S. African divestiture momentum grows

By Trudy Ring and Eddy Christman

Two political heavyweights, New York Gov. Mario Cuomo and Los Angeles Mayor Tom Bradley, are among those backing divestiture of South Africa-related stocks by public pension funds as two states and two cities have jumped on the divestiture bandwagon.

Mr. Cuomo, who often has been mentioned as a leading contender for the Democratic presidential nomination in 1988, said he would propose legislation aimed at eliminating the ties between New York state and companies doing business in South Africa.

Mr. Bradley has called for Los Angeles' three pension funds to divest themselves of stocks in companies doing business in South Africa.

Meanwhile, a Chicago City Council member has put together a divestiture resolution that is scheduled to come before the council's Finance Committee soon, while in New Jersey, the state Assembly has approved a bill that would require the state to divest. The New Jersey bill is now in a state Senate committee.

If apartheid still exists in South Africa in 1990, Mr. Cuomo's legislation would require state pension funds to sell off all stock in companies doing business in that country.

Preceding Mr. Cuomo's proposal by a day was the announcement that New York Assembly Speaker Stanley Fink also would submit a bill proposing the use of state pension fund assets against South Africa.

The New York State Teachers fund, which has assets totaling $13 billion, holds $2.65 billion worth of stock in 136 companies doing business in South Africa. The Common Fund, which has assets of approximately $23 billion, reportedly has $2.5 billion in equity holdings of such companies.

Under Mr. Cuomo's program, divestment would take place in phases over five years.

Unlike the governor's proposal, Mr. Fink's bill includes the divestment of short-term fixed-income holdings by Jan. 1, 1986, and long-term holdings by Jan. 1, 1991, said David Langdon, a spokesman for the assemblyman.

The fixed-income holdings for the teachers' fund are $365 million in corporations doing business in South Africa, a spokesman said.

Spokesmen for Messrs. Fink and Cuomo agreed the assemblyman's proposal was more comprehensive, but expressed confidence a compromise could be worked out. Both bills include other sanctions against South Africa.

In the past few years, several bills concerning the use of pension funds to fight apartheid have been submitted to the New York Legislature only to disappear. However, none carried a gubernatorial stamp.

Messrs. Cuomo and Fink went public with their respective proposals to use pension fund assets to fight apartheid while state Controller Edward V. Regan, sole trustee of the Common Fund and in the past a vociferous critic of such a policy, reportedly was out of the country.

When Mr. Cuomo made his ini-

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Los Angeles Mayor Tom Bradley, left, and New York Gov. Mario Cuomo have thrown their weight behind the move for divestiture.

Conrail's Beacon Park Yard, Boston: Morgan Stanley & Co. claims its purchase plan gives Conrail ESOP participants a better deal.

Morgan Stanley calls its Conrail plan better

By Joel Chernoff and Trudy Ring

Morgan Stanley & Co. Inc. said its proposal to purchase the U.S. government's 85% interest in Conrail Corp. would give participants in Conrail's employee stock ownership plan a better deal than a rival offer by Norfolk Southern Corp.

However, Shearson Lehman Brothers Inc., financial adviser to Norfolk Southern, responded that the Morgan Stanley proposal does the opposite.

Morgan Stanley, which represents an investor group including pension and endowment funds, said its May 14 proposal would permit participants in Conrail's ESOP to keep their shares or turn them in for $48 per share. If all the shares were redeemed, participants would receive $212 million.

That offer compares favorably with a reported Norfolk Southern proposal to purchase the 4.4 million shares in the ESOP for $17 each, or $75 million, Morgan Stanley said.

However, Norfolk Southern said it never has used those figures, adding the method for valuing the

Continued on page 63

Closed-end realty fund units sold

American Express terminates

By Mark Westerbeck

American Express Co., the first U.S. company to start a pension plan, is terminating its $198.5 million corporate pension fund to recapture $90 million in excess assets.

American Express also is terminating the $295 million Fireman's Fund American Retirement Plan to recapture $120 million (*Pensions & Investment Age*, April 29).

The terminations prompted an unusual real estate transaction, when the jointly trusteed plans sold shares of an established closed-end commingled real estate fund to two other pension funds to recapture assets during the terminations.

A notice of intent to terminate the Fireman's Fund plan was filed March 8 with the Pension Benefit Guaranty Corp.; a notice was filed April 19 for the American Express Funded Pension Plan. Both received 90-day extensions to submit full reports.

A spokeman for American Express said annuity contracts are being purchased to maintain the benefits each employee accrued through April 30. The old plan was replaced May 1 "with a new plan in the same structure," the spokesman said.

A spokesman for Fireman's Fund also said the retirement plan "will stay the same."

Meanwhile, members of the firms that organized the $17 million real estate transfer emphasized its uniqueness; closed-end funds are marketed as long-term, illiquid investments.

Until now, only open-end commingled real estate funds have felt the pressure to meet the growing liquidity needs of some pension funds.

The buyers of American Express' share — the Employees Retirement Fund of the City of Fort Worth, Texas, and the Carpenters Trust of Western Washington, Seattle — are both first-time property investors. They were able to invest in LaSalle Advisors Inc.'s first fund, a fully invested closed-end fund with a four-year track record.

The property portfolio is known and won't change or grow, as it would in an open-end fund or in a new closed-end fund moving from the capital acquisition stage to the property acquisition stage.

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Allied, Signal assets to get close review

By Alan Krauss

MORRISTOWN, N.J. — A thorough re-examination of the asset allocation and investment of more than $4.7 billion in pension, profit-sharing and thrift assets will follow the planned merger of Allied Corp. and the Signal Cos.

Executives at both Allied and Signal said it is too early to determine the ultimate impact of the recently announced merger on the employee benefit plan investments.

However, Andrew J. Chitea, Signal senior vice president, said that while no specific course of action regarding pension assets of the merged company, to be called Allied Signal Inc., has yet been formulated, a re-examination of those assets will take place.

"We plan to rebuild the cash supply of Allied Signal Inc.," Mr. Chitea said.

But terminating a pension plan and using excess assets to fatten the corporate coffers is not in the game plan, he said. "They're overfunded, and we didn't do any reversion, and don't plan to ... Just because the plans are overfunded doesn't mean you have to terminate them."

"Most certainly, pension fund assets will be affected. I can't give specifics, but I can say that pension assets and benefits, and allocation of assets, will be re-examined.

"This is not a case of one and one

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Late news

Desai loses staff

NEW YORK — Desai Capital Management, with about $200 million in tax-exempt assets, lost virtually its entire investment team in a walkout that sources said was financially motivated.

Ron Sellers, Art Barry and Bob Cresei, who had been brought into the year-old investment firm by founder Rohit Desai, left.

Only Mr. Desai, who did not return phone calls, remains at the firm.

Mr. Sellers declined to specify what led to the exodus.

Trustees to pay fund

OCEANSIDE, Calif. — Eleven trustees of the $60 million Orange Belt Painters Pension Plan, repre-

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